

Message Text

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50

ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 SSO-00 NSCE-00 INRE-00

USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 PRS-01 SP-03 FEA-02 OMB-01 SWF-02 XMB-07

DRC-01 /197 W

----- 125932

O R 011110Z MAY 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 4578

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMCONSUL MILAN

AMCONSUL NAPLES

UNCLAS ROME 5976

E.O. 11652: N/A

TAGS: EFIN, ETRD, IT

SUBJ: ITALY INTRODUCES PRIOR IMPORT DEPOSIT REQUIREMENT:
REDUCES TOURIST ALLOWANCE

PASS TREASURY AND FRB

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1. /SUMMARY/: GOI RELEASED COMMUNIQUE APRIL 30 ANNOUNCING DECISION TO IMPOSE 50 PERCENT PRIOR IMPORT DEPOSIT REQUIREMENT ON 40 TO 45 PERCENT OF IMPORTS AND TO REDUCE RESIDENTS' TOURIST ALLOWANCE FROM 500,000 LIRE EQUIVALENT PER TRIP TO 500,000 LIRE EQUIVALENT PER YEAR. MEASURES ARE DESIGNED PARTLY TO REINFORCE TIGHTER MONETARY LIQUIDITY POLICY AND TO REDUCE BALANCE OF PAYMENTS DEFICIT. /END SUMMARY/.

2. EFFECTIVE MAY 7 ITALIAN IMPORTERS WILL BE REQUIRED TO MAKE 50 PERCENT PRIOR IMPORT DEPOSIT WITH BANK OF ITALY ON ALL IMPORTS EXCEPT RAW MATERIALS, MOST CAPITAL GOODS, AND CERTAIN COST OF LIVING ITEMS. DEPOSITS WILL BE FOR SIX MONTHS AND WILL BE NON-INTEREST BEARING. CRUDE OIL AND OTHER ENERGY IMPORTS ARE CONSIDERED TO BE RAW MATERIALS AND, THEREFORE, EXEMPT FROM DEPOSIT REQUIREMENT. LIST OF CAPITAL GOODS WHICH WILL BE EXEMPT FROM DEPOSIT STILL BEING PREPARED BY GOI.

3. GOI INDICATES THAT RATIONALE FOR MEASURE IS DESIRE TO ACCELERATE AND STRENGTHEN RESTRICTIONS ON DOMESTIC LIQUIDITY AND TO REDUCE SPECULATION IN IMPORTED GOODS SO AS TO ALLEVIATE CRITICAL BALANCE OF PAYMENTS PROBLEM. EC COMMISSION, IMF, AND PRINCIPAL CENTRAL BANKS HAVE BEEN INFORMED OF MEASURES TAKEN. JUSTIFICATION FOR RESTRICTION IN EC CONTEXT IS ARTICLE 109 OF TREATY OF ROME.

4. RESTRICTION ON TOURIST ALLOWANCE, LIMITING IT TO 500,000 LIRE EQUIVALENT PER YEAR, RATHER THAN PER TRIP, FOLLOWS RECENT MEASURE LIMITING TRAFFIC IN ITALIAN BANKNOTES AND 1973 REDUCTION IN ALLOWANCE FROM 1 MILLION LIRE TO 500,000 LIRE. ADDITIONAL ALLOCATIONS MAY STILL BE OBTAINED UPON APPROVAL OF ITALIAN EXCHANGE OFFICE.

5. EMBASSY COMMENT ON ABOVE MEASURES BEING REPORTED SEPARATELY.VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Concepts: IMPORTS, RAW MATERIALS, PETROLEUM, BANKS, LIRA, FOREIGN EXCHANGE
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Draft Date: 01 MAY 1974
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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